COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

FIRST SET OF INFORMATION REQUESTS OF NSTAR GAS COMPANY TO THE DIVISION OF PIPELINE ENGINEERING AND SAFETY
D.T.E. 05-36
November 16, 2005

Persons Responsible: Christopher Bourne

Information Request NSTAR 1-52

With reference to page 28 of the Incident Report issued by the Division on November 6, 2003, the Division indicates that "NSTAR is incorrect in its interpretation of the regulation [49 C.F.R. § 192.481] with respect to the portion of the service line located inside the basement of 65 Main Street, which was steel pipe exposed to the atmosphere." Please provide a copy of all documents and citations to applicable regulations and rulings that form the basis of the Division's conclusion.

Response

The requirements for corrosion control are contained in Subpart I of 49 C.F.R. Part 192. The scope of this subpart is in 49 C.F.R. § 192.451 which states:

> "(a) This subpart prescribes minimum requirements for the protection of **metallic** pipelines from external, internal, and atmosphere corrosion."

49 C.F.R. § 192.451 (Emphasis added.).

The pipeline located in the basement of 65 Main Street, Hopkinton was made of steel, which is a metallic substance. Steel pipelines are metallic pipelines. Therefore, they are subject to the corrosion protection requirements in Subpart I of 49 C.F.R. Part 192, including those in 49 C.F.R. § 192.481.

All onshore pipelines exposed to the atmosphere must be inspected for atmospheric corrosion at least once every three years. At the time of the incident, the federal regulation read:

> "After meeting the requirements of § 192.479 (a) and (b), each operator shall, at intervals not exceeding 3 years for onshore pipelines and at least once each calendar year, but with intervals not exceeding 15 months, for offshore pipelines, reevaluate each pipeline that is

exposed to the atmosphere and take remedial action whenever necessary to maintain protection against atmospheric corrosion."

49 C.F.R. § 192.481.

This federal regulation was effectively amended on September 15, 2003, post-incident. This requirement remains in 49 C.F.R. § 192.481(a): Atmospheric corrosion control: Monitoring, which states in the relevant part:

> "(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:
>
> | If the pipeline is located: | Then the frequency of inspection is: |
> | --- | --- |
> | Onshore | At least once every 3 calendar years, but with intervals not exceeding 39 months" |

49 C.F.R. § 192.481(a).

The portion of the pipeline that was located in the basement of 65 Main Street, Hopkinton was exposed to the atmosphere, was located onshore, and was a portion of a service line. The U.S. Department of Transportation/Office of Pipeline Safety ("OPS") has stated that service lines must be inspected for atmospheric corrosion. This interpretation is contained in a July 15, 1993 letter from Cesar DeLeon, Director, Regulatory Programs, Office of Pipeline Safety. The letter states in the relevant part:

> "The regulations governing the transportation of gas by pipeline are in 49 CFR Part 192. These regulations do not contain inspection requirements that apply specifically to customer meter sets. However, because customer meter sets are part of service lines, the sets are subject to the same inspection requirements as service lines. These requirements include monitoring for atmospheric corrosion under §192.481 and periodic leakage surveys under §192.723."

This letter is attached and marked as Exhibit NSTAR 1-31(A).

In 2002, OPS denied a waiver that the Michigan Public Service Commission had granted to Consumers Energy Company ("Consumers"). This waiver would have exempted Consumers from complying with the atmospheric corrosion inspection requirements for interior piping located upstream of the meter. The denial is contained in a November 25, 2002 letter from Stacey Gerard, Associate Administrator for Pipeline Safety, attached and marked as Exhibit NSTAR 1-31(B).

Interpretation 192.481 2 of 2

July 15, 1993

Mr. Gerald F. Classen
K N Energy, Inc.
300 N. St. Joseph Avenue
P.O. Box 608
Hastings, NE 68902-0608

Dear Mr. Classen:

Ed Ondak of our Western Region Office has asked me to respond to your letter of June 1, 1993. You asked if it is necessary to inspect and maintain records on individual (single customer) meter sets off high pressure (50 psi and above) distribution lines.

The regulations governing the transportation of gas by pipeline are in 49 CFR Part 192. These regulations do not contain inspection requirements that apply specifically to customer meter sets. However, because customer meter sets are part of service lines, the sets are subject to the same inspection requirements as service lines. These requirements include monitoring for atmospheric corrosion under §192.481 and periodic leakage surveys under §192.723.

Records of corrosion inspections are required by §192.491, and §192.603(b) requires records of leakage surveys. These records may cover pipelines as a whole, and need not identify specific parts of the pipeline, such as customer meter sets.

Sincerely,

Cesar De Leon
Director, Regulatory Programs
Office of Pipeline Safety

Waiver 192.481 1

November 25, 2002

Mr. Paul Proudfoot Supervisor, Gas Safety Program
Michigan Public Service Commission
Lansing, MI 48909-7721

Dear Mr. Proudfoot:

We have considered your letter of September 20,2002, notifying us that the Commission granted the Consumers Energy Company a waiver from compliance with 49 CFR 192.481 and 192.723(b)(2) for portions of residential service lines located inside buildings upstream from the outlet of customer meters. Section 192.481 requires operators to reevaluate every 3 years the need for atmospheric corrosion control on exposed pipelines. Section 192.723(b)(2) requires operators to conduct leakage surveys, using leak detection equipment, on distribution lines located outside business districts every 5 years or, if the pipeline is buried or submerged and not cathodically protected, every 3 years.

The justification for waiver of § 192.481 is that atmospheric corrosion on interior portions of residential service lines is a slow process that rarely results in leaks. Also, on interior portions of service lines, a leakage survey is generally the only practical method of evaluating the need to control atmospheric corrosion. If a leak were to occur, it would be microscopic and smelled by meter readers, who are regularly in the vicinity of the piping. The company would annually test and certify its meter readers as capable of smelling gas at a safe level or provide those readers not certified with a gas monitor set at 5 percent of the lower explosive limit. The waiver of § 192.723(b)(2) is similarly justified by the likelihood that leaks would be detected sooner through monthly visits of meter readers than by checking for leaks once every 5 years with leak detection equipment. Any meter reader who smells gas would report the problem immediately for further investigation.

After considering the justification, we believe more substantiation is needed to assure the waiver is consistent with pipeline safety. The purpose of § 192.481 is to require evaluation of the need for corrosion control before leakage occurs. The same meter readers Consumers might assign to sniff the air for gas could just as readily visually examine the meter and observable interior piping for rust. The waiver does not explain why Consumers will not use its meter readers to make such examinations. For piping that is walled in or otherwise not readily observable, there may be no practical way to comply with § 192.481.

As to § 192.723(b)(2), the waiver does not substantiate to our satisfaction that relying on the ability of meter readers to smell leaking gas would provide a level of safety equivalent to compliance with § 192.723(b)(2). We are concerned that a meter reader's sense of smell might change between annual certifications, or that the odorant level in the gas could change.

Moreover, since Consumers intends to provide some meter readers with gas monitoring equipment, the meter readers could use the equipment to meet the requirements of § 192.723(b)(2). The waiver does not explain why Consumers will not take the same action at least every 5 years on all interior piping and meters.

Therefore, we object to the waiver, and under 49 U.S.C. 60118(d), the Commission's action granting the waiver is stayed. Within 90 days, the Commission may appeal this matter in writing and request an opportunity for a hearing. We will consider any additional information you submit in deciding whether to withdraw our objection.

Sincerely,
Stacey L. Gerard
Associate Administrator for Pipeline Safety